# GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

# INTERNAL AUDIT QUARTERLY REPORT
## Fourth Quarter - 2015

February, 2016

**RTA**
GREATER CLEVELAND
REGIONAL TRANSIT AUTHORITY

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY**
**INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT**
**OCTOBER 1, 2015 THROUGH DECEMBER 31, 2015**

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## INTRODUCTION

Presented herein and in accordance with Board Policy is the report of the Internal Audit Department activities for the Fourth Quarter 2015. The report outlines work performed, recommendations and management's responses, including specific steps for the implementation of all agreed-upon recommendations and other pertinent data.

Presented herein and for the Board of Trustee approval is the proposed 2016 Internal Audit Plan (Pages 6-7).

Per the International Standards for the Professional Practice of Internal Auditing:

**2012 – Planning**

*"The chief audit executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organization's goals."*

We considered feedback from the Board of Trustees, the Executive Management Team, GCRTA management and employees, the Citizens Advisory Board and GCRTA customers.

The plan is the result of a five-step process. The process included the identification of audit areas, establishment of risk-based audit priorities, allocation of audit resources, development of audit schedules and formulation of the annual plan.

The Internal Audit Department is an independent appraisal function established within the Authority to examine and evaluate its activities as a service to the Board of Trustees and management. The objective is to assist management in the effective discharge of their responsibilities. To this end, Internal Audit furnishes management with analyses, appraisals, recommendations, counsel and information concerning the activities reviewed. The audit objective includes promoting effective control at reasonable cost.

The Internal Audit Department will respond to the Board of Trustee requests for audit services in a timely manner. Please contact me at (216) 566-5064 to service your requests.

_____     2/3/16

Anthony A. Garofoli
Executive Director of Internal Audit

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY**
**INTERNAL AUDIT DEPARTMENT QUARTERLY REPORT**
**OCTOBER 1, 2015 THROUGH DECEMBER 31, 2015**

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Executive Director of Internal Audit

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| **2015 INTERNAL AUDIT PLAN** |

## Contract Audits

Clifton Boulevard Transportation Enhancement Project
University-Cedar Rapid Transit Station Rehabilitation
Brookpark Rapid Transit Station Rehabilitation
Cleveland Metropolitan School District - Student Transportation Agreement
Compressed Natural Gas Fueling Station
Electric Motor Maintenance
Fare Collection Systems
Elevator/Escalator Maintenance
Little Italy-University Circle Rapid Station
Magnetic Fare Media Cards
Marketing/Advertising Consultant
Supplemental Paratransit Services
Tire Lease/Services
Tower City Escalator Replacement
U-Pass Programs (CSU, CWRU, CCC)
Tower City Maintenance Agreement
Vehicle Purchases
Vehicle Towing

## Internal Audits

Customer Service Center Operations
Employee Compensation
Rail Operator Signal Adherence
Employee Termination Process
Employee Claims
Employee Hiring Practices
Petty Cash
Radio System – Covert Alarms
Succession Planning – Process Mapping
Employee/Contractor Identification Program
Rail District Equipment/Facility Maintenance
Access Control - Facilities
Transit Police Compensation Time
Purchasing Card
Safety Sensitive – Drug and Alcohol Program
Travel Expense Reimbursement
Vehicle Maintenance & Warranty Program

| 2015 INTERNAL AUDIT PLAN |
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### Information Technology Audits
Information Technology Security
Paratransit Schedule Adherence
Claims System Implementation
Information Technology Risk Assessment
Disaster Recovery – Mission Critical Systems
Health Care Claims
Oracle User Productivity Kit
Consolidated Train Dispatch System
Cell Phone Use

### Continuous Auditing Program - *
Absence Control
Accounts Payable
Accounts Receivable
Fuel Expense
Inventory Management
Payroll
Revenue Collection

### External Audits
Ohio Department of Transportation
Federal Transit Administration
State of Ohio – Office of the Auditor
US Department of Homeland Security

### Revenue Audits
Fare Enforcement/Proof-of-Payment
Lease Revenue
Farebox Maintenance/Defect Reporting
Special Event Collections
Ticket/Pass Customer Refunds
Ticket/Pass Inventory

| **2015 INTERNAL AUDIT PLAN** |
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Staff Training
Audit Recommendation Follow-up
15% of budgeted hours will be reserved for Special Requests and/or Emerging Issues

**\*\***Continuous Auditing is achieved through the use of audit software tools to assure the internal control system is functioning to detect fraud, errors and waste.

| PROPOSED 2016 INTERNAL AUDIT PLAN |
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**Contract Audits**

Blanket Purchase Order Contracts

Brookpark Rapid Transit Station Rehabilitation

Cleveland Metropolitan School District - Student Transportation Agreement

Fare Collection Systems

Fiber Optic Network Replacement

Elevator/Escalator Maintenance

Magnetic Fare Media Cards

Marketing/Advertising Consultant

Supplemental Paratransit Services

Tire Lease/Services

Tower City Escalator Replacement

Tower City Track Replacement

U-Pass Programs (CSU, CWRU, CCC)

Vehicle Purchases

Vehicle Warranty Program

**Internal Audits**

Customer Service Center Operations
Employee Hiring Practices
Employee Separation Process
Facilities Access System
Force Account Reimbursements
Fuel Hedging Program
Paratransit Operations
Payroll
Petty Cash
Purchasing Card Program
Safety System Program Plan
Sub-Recipient Monitoring
Third-Party/Worker's Compensation Claims
Transit Police Compensation Time
Transit Police System Security Plan
Travel Expense Reimbursement
Waterfront-Line Operations

| PROPOSED 2016 INTERNAL AUDIT PLAN |
| :---: |

**Information Technology Audits**
Accrued Leave
Claims System Implementation
Consolidated Train Dispatch System
Health Care Claims
Information Technology Systems Security
Telephone System Replacement

**Continuous Auditing Program - ***
Absence Control
Accounts Payable
Accounts Receivable
Fuel Expense
Inventory Management
Revenue Collection

**External Audits**
Ohio Department of Transportation
Federal Transit Administration
State of Ohio – Office of the Auditor
US Department of Homeland Security

**Revenue Audits**
Fare Enforcement/Proof-of-Payment
Fare System Increase Reprogramming
Manual All Day Pass Program
Lease Revenue
Special Event Collections


Staff Training
Audit Recommendation Follow-up
15% of budgeted hours will be reserved for Special Requests and/or Emerging Issues

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| **COMPLETED PROJECTS** |
|---|

**GCRTA Employee Travel & Expense Account Reimbursements**

Purpose:

The Internal Audit Department reviews all employee travel expenses to ensure they are properly approved and are reimbursed in accordance with the Authority's policies and procedures.

Scope:

Internal Audit reviewed all requests for employee travel expense reimbursements for the period October 1, 2015 through December 31, 2015 prior to cash disbursement. The review included tests for allowability, reasonableness and timeliness.

Results:

All requests were reviewed and, if necessary, adjusted to comply with applicable policies and procedures.

**Vehicle Purchases**
(Board Resolution 2013-110 - Gillig, LLC)
(Board Resolution 2014-111 - Gillig, LLC)
(Board Resolution 2015-048 - Gillig, LLC)
(Board Resolution 2015-060 - Gillig, LLC)

Purpose:

Contract 2013-100 was authorized to manufacture and deliver up to (240) 40 foot Compressed Natural Gas (CNG) buses, training, tooling and spare parts. The first order was placed with the contractor to deliver (60) buses.

Contract 2013-100 was authorized to manufacture and deliver up to (240) 40 foot Compressed Natural Gas (CNG) buses, training, tooling and spare parts. The second order was placed with the contractor to deliver (30) buses.

Contract 2014-170 was authorized to manufacture and deliver up to (8) 35 foot trolley replica coaches, training, tooling and spare parts.

Contract 2015-048 was authorized to manufacture and deliver up to (4) 35 foot trolley replica coaches, training, tooling and spare parts.

The Federal Transit Administration obligates federal funds to the GCRTA for purchasing buses to carry passengers in mass transit service. Recipients of these funds must comply with several federal regulations, one of which is the Pre-Award and Post Delivery Rule.

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| COMPLETED PROJECTS |
|---|

Scope:

Audit Staff completed the applicable Buy America Review, required by Federal Transit Administration.

Results:

(60) Bus Order: Audit staff completed Post-Delivery Review. This included an on-site review of contractor records, toured the manufacturer's final assembly plant, inspected the vehicles and reviewed GCRTA records. Both the contractor and GCRTA management complied with federal regulations. Considering this result, GCRTA management transferred title and can place the vehicles in revenue service.

(30) Bus Order: Audit staff completed Post-Delivery Review. This included an on-site review of contractor records, toured the manufacturer's final assembly plant, inspected the vehicles and reviewed GCRTA records. Both the contractor and GCRTA management complied with federal regulations. Considering this result, GCRTA management transferred title and can place the vehicles in revenue service.

(12) Trolley Bus Order(s): Audit staff completed the Pre-Award Review. Considering this result, GCRTA issued Notice to Proceed to the contractor to build the vehicles.


**Little-Italy Mayfield Road Rapid Transit Station**
(Board Resolution - 2008-099 - City Architecture - Design)
**(**Board Resolution - 2013-089 - McTech Corporation)

Purpose:

Contracts 2008-109 and 2013-131 were authorized for the planning, design and construction of the Little-Italy Mayfield Road Rapid Station.

Scope:

Internal Audit evaluated contract compliance.

Results:

Audit staff conducted a weekly walk-through of the construction site, attended the weekly progress meetings and monitored progress and change order activity.

The contractor complied with revised contract terms and conditions.

| COMPLETED PROJECTS |
|---|

**Clifton Boulevard Enhancement Project**
(Board Resolution – 2009 - 094 – Richard L. Bowen and Associates, Inc. - Design)
**(**Board Resolution - 2013-079 – Perk Company, Inc. - Construction)

Purpose:

Contracts 2009-120 and 2013-123 were authorized for the planning, design and construction of the Clifton Boulevard Enhancement Project.

Scope:

Internal Audit evaluated contract compliance.

Results:

Audit staff conducted a weekly walk-through of the construction site, attended the weekly progress meetings and monitored progress and change order activity.

The contractor complied with revised contract terms and conditions.

| PROJECTS IN PROGRESS |
|---|

**Rail Car Electric Motor Repair**
(Board Resolution 2014-007 – Sherwood Electromotion Incorporated)
(Board Resolution 2014-008 – RAM Industrial Services, LLC)

Purpose:

Contracts 2013-185A and 2013-185B were authorized for the rebuilding of rapid transit electrical motors.

Scope:

Audit Staff will evaluate compliance with the respective contract terms and conditions

Update:

A draft audit report was issued to management. Management scheduled a meeting to discuss the report in further detail. The final report will be issued during the First Quarter 2016.

**Railcar Movements and Repair**

Purpose:

The Federal Transit Administration created a state-managed oversight program to improve rail transit safety and security. The Ohio Department of Transportation administers the program.

The Internal Audit Department and the Safety Department conduct a program of annual audits of the Authority's System and Security Plans to evaluate operational compliance as well as to measure the effectiveness of the respective programs.

Scope:

Internal Audit developed a plan to evaluate:

- Control Center directed train movements
- Pre & Post Trip railcar inspections
- Defect Reporting
- Yard Control
- Vehicle Maintenance
- Inventory Management

| PROJECTS IN PROGRESS |
|---|

Update:

A draft audit report was issued to management. Management scheduled a meeting to discuss the report in further detail. The final report will be issued during the First Quarter 2016.


**Health Care Benefits - Claims Audit**
(Board Resolution – 2010-081 - Medical Mutual of Ohio)
(Board Resolution – 2011-094 - Caremark PCS Health, LLC (Caremark))
(Board Resolution – 2010-083 - MetLife Securities, Inc.)

Purpose:

GCRTA employee health care benefits expense totals approximately $20,000,000 annually. The Board of Trustees authorized:

Contract No. 2010-72A with Medical Mutual of Ohio to provide medical plan insurance coverage;

Contract No. 2011-108 with Caremark PCS Health, LLC (Caremark) to provide a managed prescription drugs benefit program; and

Contract No. 2010-72C with MetLife Securities, Inc. to provide dental insurance coverage

Scope:

Internal Audit will perform a healthcare claims audit to evaluate third-party administrator compliance with respective plan designs and contract terms and conditions for the period January 1, 2012 through December 31, 2014.

Update:

Field work is complete for the period January 1, 2012 through December 31, 2013. The audit identified several issues to discuss with the respective third-party administrators. We engaged an audit consultant to co-source this work.

Contract provisions require us to complete the 2-year audit before we can analyze the 2014 calendar year claims.

| PROJECTS IN PROGRESS |
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**Central Bus Maintenance Facility – ISO 14001 Certification**

Purpose:

The ISO 14001 standard represents a core set of standards used by organizations for designing and implementing an effective Environmental Management System (EMS).

Management is engaged in an effort to seek certification for the Central Bus Maintenance Facility. This includes documented sustainable and environmental processes for the use and/or disposal of certain elements such as rags, scrap metals, waste oil and other elements.
The standards include an internal audit component to evaluate compliance.

Scope:

Audit staff will develop an audit program to evaluate compliance with established processes. We will support the certification oversight and management teams to attain the objective.

**Information Technology Security**

Purpose:

Management relies on data from a variety of business and intelligent transportation systems. Audit staff will evaluate controls over user access to GCRTA mission critical systems.

Scope:

The scope of the audit is to evaluate whether user access to GCRTA's network, applications and data is adequately controlled, including the process for granting, maintaining and removing such access. We will also evaluate administrator rights, password management and policy awareness.

| PROJECTS IN PROGRESS |
|---|

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The Federal Transit Administration obligates federal funds to the GCRTA for purchasing
buses to carry passengers in mass transit service. Recipients of these funds must
comply with several federal regulations, one of which is the Pre-Award and Post Delivery
Rule.

Scope:

Audit Staff will complete the applicable Buy America Review, required by Federal Transit
Administration

**GCRTA – Cleveland State University Student Universal Access Fare Program
(U-Pass Program)**
(Board Resolution 2004-001)

Purpose:

The GCRTA entered into an agreement to provide prepaid and universal access to
public transportation services. Each full time student pays a flat fee per semester and is
able to ride GCRTA services on an unlimited basis during the semester.

Scope:

Internal Audit will evaluate compliance with the agreement.

| PROJECTS IN PROGRESS |
|---|

**GCRTA – Case Western Reserve University Student Universal Access Fare Program (U-Pass Program)**
(Board Resolution 2008-127)

Purpose:

The GCRTA entered into an agreement to provide prepaid and universal access to public transportation services. Each full time student pays a flat fee per semester and is able to ride GCRTA services on an unlimited basis during the semester.
Scope:
Internal Audit will evaluate compliance with the agreement.


**GCRTA – Cuyahoga Community College Student Universal Access Fare Program (U-Pass Program)**
(Board Resolution 2015-62)

Purpose:

The GCRTA entered into an agreement to provide prepaid and universal access to public transportation services. GCRTA and CCC agreed upon a semester rate, with an escalation clause through 2021. Students are able to ride GCRTA services on an unlimited basis during the semester.

Scope:

Internal Audit will evaluate compliance with the agreement.


**Continuous Auditing**

Purpose:

Continuous Auditing defines the technologies and processes that allow an on-going review and analysis of business information on a real time basis. Internal Audit will monitor specific information electronically and incorporate the use of intelligent agents, computer modeling and other software tools. Continuous auditing will give end users of information more timely assurance that information is correct and may eventually lead to continuous reporting where business information is updated and published as events occur.

| **PROJECTS IN PROGRESS** |
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Scope:

The General Manager identified and monitors "Key Performance Indicators." These include Revenue and Absence Control. Internal Audit will assist management to develop continuous "monitoring" queries to provide management "real time" information to meet organizational goals. Internal Audit will develop continuous "auditing" queries to test for compliance and control risk.

**Manual All-Day Passes**

Purpose:

Each month, Operators are issued one book with 25 Manual All-Day passes. These passes will be issued to passengers when a farebox is capable of collecting cash fares, but the "Trim unit" is malfunctioning and will not print/issue an All-Day pass.

Scope:

Internal Audit is evaluating risks and internal controls for the handling of Manual All Day Passes

**Third-Party Contracts – Risk Assessment**

Purpose:

Internal Audit will develop risk factors to evaluate third-party contact management.

Scope:

All active contracts and purchase orders.

| SPECIAL REQUESTS AND EMERGING ISSUES |
|---|

**Paratransit Operations**

Purpose**:**

The Paratransit District Director requested a special audit of Paratransit operations.

Scope:

Internal Audit is evaluating the Paratransit Dispatch Office operations. These activities include:

- Timekeeping
- Scheduling
- Operator Supervision

Update:

Between February 10, 2015 and March 22, 2015, Internal Audit and Transit Police conducted a joint investigation, including interviews of management, dispatchers, operators and schedulers (17 employees). We summarized our findings to meet with GCRTA management, including GCRTA Legal.

Internal Audit reviewed internal controls to identify root cause and provide management recommendations. These recommendations were implemented immediately.

The matter was referred to the County Prosecutor's Office in March 2015. The County Prosecutor referred the matter to the United States Attorney's Office – Department of Justice. GCRTA Internal Audit supported the investigation conducted by the Federal Bureau of Investigation and United States Department of Transportation – Office of the Inspector General. We were informed to suspend our internal investigation. The matter was referred back to the County Prosecutor in August 2015. On January 28, 2016, (2) former GCRTA employees and (1) active employee were indicted by a Grand Jury and various charges of fraud, theft in office and theft.

Audit staff continues to monitor internal controls to provide assurance to management. We will resume the internal investigation as soon as Prosecutor removes the suspension.

| SPECIAL REQUESTS AND EMERGING ISSUES |
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### Employee Vacation Account Balances

Purpose:

The Human Resources Information System Manager requested a special audit to review employee vacation accounts. She identified unreconciled differences between the payroll system balances and the time & attendance capturing system balances.

Scope:

Internal Audit will evaluate the employee accounts, system control risks and root causes to determine the scope for audit. Staff will re-calculate account balances and recommend adjustments for management consideration.

### Third-Party Contract – Check Printer

Purpose:

A contractor, responsible to print and deliver new checks, delivered an order to a non-GCRTA address. Fraudsters found, altered and cashed some of the checks at various check cashing agencies. The GCRTA's bank third-party controls identified the fraud and informed GCRTA management. Per the controls, the bank did not cash the checks presented by the check cashing agencies.

Scope:

Support Transit Police during the investigation and recovery of missing checks.

Update:

This is an on-going investigation.

GCRTA management implemented new controls to mitigate risk.

| EXTERNAL AUDIT COORDINATION AND FOLLOW-UP |
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The International Standards for the Professional Practice of Internal Audit provides:
- *2050 – Coordination:*
  - *"The chief audit executive should share information and coordinate activities with other internal and external providers of assurance and consulting services to ensure proper coverage and minimize duplication of efforts.*

The following Federal and State Agencies performed audits and reviews of the Authority's policies and records during the Fourth Quarter 2015:

- State of Ohio – Office of the Auditor
  - The State of Ohio – Office of the Auditor conducted interim work for the 2015 Financial/Single Audit.

- State of Ohio – Ohio Department of Transportation (ODOT)
  - ODOT selected a consultant, Battelle Inc., to act as the Program Manager for Rail Safety and Security Audits.
  - Internal Audit will work with GCRTA Safety to perform the audits as required by ODOT.
  - The Consultant meets with GCRTA Management on a quarterly basis to review and follow-up on outstanding corrective action.
  - The Federal Transit Administration will conduct a Triennial Review of the State Safety Oversight Program during the Second Quarter 2016.

- Federal Transit Administration (FTA)
  - The FTA will conduct a Triennial Review during the Third Quarter 2016. Management and Internal Audit provided preliminary information as requested by the review team.
  - The Triennial Review is one of the Federal Transit Administration's (FTA) management tools for examining grantee performance and adherence to current FTA requirements and policies. Mandated by Congress in 1982, the Triennial Review occurs once every three years. It examines how recipients of Urbanized Area Formula Program funds meet statutory and administrative requirements. The review currently examines 17 areas. In addition to helping evaluate grantees, the review gives FTA an opportunity to provide technical assistance on FTA requirements and aids FTA in reporting to the Secretary, Congress, other oversight agencies and the transit community on the Urbanized Area Formula Program

| STATUS OF OUTSTANDING FOLLOW-UP |
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The International Standards for the Professional Practice of Internal Audit provides:

- 2500 – Monitoring Progress
  - "The chief audit executive must establish and maintain a system to monitor the disposition of results communicated to management."
  - "The chief audit executive must establish a follow-up process to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action."

**(See the <u>Recommendation Implementation Tracking Report</u> on the next 2 pages)**

The report is generated from the GCRTA Internal Audit Department audit management system (TeamMate). All outstanding issues and recommendations from internal and external audits and reviews are tracked within the application module (TeamCentral).

Audit staff is directed to follow-up with management to evaluate actions have been effectively implemented.

| STATUS OF OUTSTANDING FOLLOW-UP |
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## Recommendation Implementation Tracking

| Recommendation | Status | Project Code | Issue | Issue Type | Priority | Estimated Date | Revised Date | Actual Date | Owner | Entity |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Documentation Standards | Started | 2013 - IA - 13 - Rail District Maintenance Program | Missing Maintenance Management System Supporting Documentation | Reportable Condition | | 8/31/2014 | 3/31/2016 | | Fedikovich, John | Rail District Maintenance Program |
| Unrecorded Parts Inventory Issuance | Started | 2014 - SP - 07 - May 26, 2014 Railcar Derailment - Investigation | Unrecorded Parts Inventory Issuance | Reportable Condition | High Priority | 12/31/2014 | 12/31/2016 | | Coleman, Teresa | Rail District |
| Human Resource - I-Recruitment System Malfunction | Started | 2015 - Open Issues - Open Issues | Human Resource - I-Recruitment System Malfunction | Reportable Condition | High Priority | 6/30/2015 | 3/31/2016 | | Lytle, Casondra | Greater Cleveland Regional Transit Authority |
| Covert Alarm Standard Operating Procedure | Started | 2015 - CA - 13 - Gillig CNG Bus Purchase | Covert Alarm Standard Operating Procedure | Reportable Condition | High Priority | 10/30/2015 | 2/29/2016 | | Lively, Michael | |
| Audio Quality of Transit Police Dispatch | Started | 2015 - SP - 06 - Transit Police - 07/26/15 Incident Handling - Special Investigation | Audio Quality of Transit Police Dispatch | Management Letter | Medium Priority | 11/30/2015 | 1/31/2016 | | O'Neil, Sean | Transit Police |
| TP Patrol/Supverisor Car Inventory/Monitoring | Started | 2015 - SP - 06 - Transit Police - 07/26/15 Incident Handling - Special Investigation | Standard equipment for all TP vehicles | Management Letter | High Priority | 12/31/2015 | 3/25/2016 | | O'Neil, Sean | Transit Police |
| Retrain Employees to Log into Farebox | Started | 2015 - RA - 03 - Farebox Change Cards | Farebox Operator Login | Reportable Condition | Medium Priority | 12/31/2015 | 2/29/2016 | | Fields, George | |
| Revaluate Change Card configurations | Pending | 2015 - RA - 03 - Farebox Change Cards | Change Cards have embedded transfers | Reportable Condition | Medium Priority | 12/31/2015 | 2/29/2016 | | Goodwin, Wesley | Revenue |
| Control Center - Use of Headsets | Pending | 2015 - Open Issues - Open Issues | Control Center - Use of Headsets | Reportable Condition | Medium Priority | 12/31/2015 | 4/15/2016 | | Newell, Richard | Greater Cleveland Regional Transit Authority |
| Judgmental Training Simulator Plan | Started | 2015 - SP - 06 - Transit Police - 07/26/15 Incident Handling - Special Investigation | Judgmental Training Simulator Plan | Management Letter | Medium Priority | 12/31/2015 | 2/19/2016 | | Gettings, Michael | Transit Police |
| Tablet installation | Started | 2015 - SP - 06 - Transit Police - 07/26/15 Incident Handling - Special Investigation | Standard equipment for all TP vehicles | Management Letter | High Priority | 12/31/2015 | 2/11/2016 | | O'Neil, Sean | Transit Police |
| Service Quality - Incomplete/Inaccurate Incident Control Database | Pending | 2015 - IA - 18 - Rail Yard Operations | Service Quality - Incomplete/Inaccurate Incident Control Database | Reportable Condition | High Priority | 1/1/2016 | 3/31/2016 | | Newell, Richard | Service Quality |
| Train Control Center Rail Supervisor | Pending | 2015 - IA - 18 - Rail Yard Operations | No Railyard Training | Reportable Condition | High Priority | 1/29/2016 | 6/30/2016 | | Mercer, Robert | Service Quality |

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| STATUS OF OUTSTANDING FOLLOW-UP |
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| Transit Police - Training Record Maintenance | Pending | 2015 - SP - 06 - Transit Police - 07/26/15 Incident Handling - Special Investigation | Transit Police - Training Record Maintenance | Management Letter | Medium Priority | 1/31/2016 | | Ackins, Brian | Transit Police |
| General Police Orders Update | Started | 2015 - SP - 06 - Transit Police - 07/26/15 Incident Handling - Special Investigation | General Police Orders Update | Reportable Condition | Medium Priority | 1/31/2016 | 3/12/2016 | O'Neil, Sean | Transit Police |
| Revenue Petty Cash Consignment | Pending | 2015 - RA - 03 - Farebox Change Cards | Revenue Petty Cash Consignment | Management Letter | Medium Priority | 1/31/2016 | 1/29/2016 | Purnell, Cynthia | Revenue |
| Use stored value function on Change Cards to issue refunds with no cash transfer | Pending | 2015 - RA - 03 - Farebox Change Cards | Change Card stored value function unused | Reportable Condition | Medium Priority | 1/31/2016 | 2/29/2016 | Goodwin, Wesley | Revenue |
| Upgrade the Fare Collection System | Pending | 2015 - RA - 03 - Farebox Change Cards | GFI software outdated | Reportable Condition | Medium Priority | 1/31/2016 | 8/22/2016 | Goodwin, Wesley | |
| Lost Fare Media Claim Form | Started | 2015 - RA - 03 - Farebox Change Cards | Lost Fare Media Claim Form | Reportable Condition | Medium Priority | 1/31/2016 | 2/29/2016 | Fields, George | |
| Modernization of Control Center | Pending | 2015 - Open Issues - Open Issues | Modernization of Control Center | Reportable Condition | High Priority | 2/29/2016 | | Newell, Richard | Greater Cleveland Regional Transit Authority |
| Corrective action and Continuous Monitoring of System Timepoints | Started | 2015 - SP - 06 - Transit Police - 07/26/15 Incident Handling - Special Investigation | Timepoint Coordination/Syncing | Management Letter | Medium Priority | 2/29/2016 | | Barrett, Sean | Transit Police |
| Fare Collection Data/Systems Manager | Started | 2015 - RA - 03 - Farebox Change Cards | Fare Collection Data/Systems Manager | Reportable Condition | Medium Priority | 2/29/2016 | 2/29/2016 | Lively, Michael | |

| **OTHER PROJECTS** |
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## Fraud Hotline

The GCRTA Fraud Hotline (216) 781-4080 is established to reduce and recover the loss of public funds from any acts of fraud, waste and/or abuse. GCRTA contracts include contact information and require contractors to call whenever they suspect an illegal act or an ethics violation. The Hotline is available to our employees and the public. Audit Staff will work closely with Management, Transit Police as well as law enforcement agencies, prosecutors, professional associations and the public to ensure GCRTA assets are safeguarded.

## Information Technology Steering Committee

The Chief Information Officer chairs this committee. The purpose of this committee is to oversee, analyze and prioritize the overall technology needs of the Authority.

## Change Order Review Committee

The General Manager/CEO created this committee to review potential contract change orders greater than (50) thousand dollars to validate the appropriateness of the request and to ensure appropriate Procurement and Project Management processes are adhered to. Internal Audit serves as a resource to the committee.

## System Security Program Planning Committee

The Deputy General Manager of Operations created this committee. The purpose of this committee is to oversee, analyze, and prioritize the overall system security needs of the Authority. The Transit Police provide the agenda for the quarterly meetings.

## TransitStat

The Executive Director of the Office of Management & Budget created this Program. The purpose of this Program is to provide management feedback and the resources to self-assess. The program is designed to improve the efficiency and effectiveness of management. Internal Audit serves as a panel member and a resource to management.

## Operator Bid Dispatch/Time & Attendance System Steering Committee

The Deputy General Manager of Operations created this Steering Committee. The purpose of the Steering Committee is to participate in the planning and oversight for the Operator Bid Dispatch/Time & Attendance replacement system.

| STAFF TRAINING |
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The following training was provided to Audit Staff during the Fourth Quarter 2015:

**Northeast Ohio Internal Audit Local Chapter**
- Financial Statement Fraud
- Cleveland State University IIA Extravaganza:
    - Best Practices for Employee Hotlines
    - Integrating Audit Analytics: A Sustainable Approach
    - Integrating Data Analytics into Audits
    - Third-Party Risks

**Northeast Ohio Information Systems Audit and Control Association Local Chapter**
- IT Governance and Information Governance

| | STAFF PROFILES |
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| **Anthony A. Garofoli**<br>Executive Director of<br>Internal Audit | Anthony joined the GCRTA on September 23, 1996. He earned his BBA in Accounting from Cleveland State University. Prior to joining the GCRTA, he worked 16 years in progressively responsible positions for the Office of the Auditor of the State of Ohio. His audit experience includes Financial Audits of State and Local Governmental Units, Fraud and Contract Compliance Audits. He has earned several certifications. |
| Senior Auditor | Vacant |
| **Bonson Yee**<br>Information Technology<br>Auditor | Bonson joined the GCRTA on September 6, 2005. He earned his BBA in Accounting from Cleveland State University. Bonson is a Certified Information Systems Auditor. |
| **Edward Gaio**<br>Staff Auditor | Ed joined the GCRTA on February 21, 2006. He earned his BA in Criminal Justice and a BBA in Finance from Kent State University. Edward is a Certified Fraud Examiner. |
| **Anthony Ghanem**<br>Staff Auditor | Anthony joined the GCRTA on June 4, 2012. He earned his BA in Economics and International Studies from Case Western Reserve University and his Master's Degree in Public Administration from Cleveland State University. He is a graduate of the GCRTA Management Development Program. |
| Staff Auditor | Vacant |
| **Neletre Burts-Tolbert**<br>Secretary | Nell joined the GCRTA in 1990. In addition to her clerical and administrative responsibilities, she assists the Executive Director and Audit staff with a variety of specialized audit support services. |
| **Maria Shurik**<br>Business Analyst | Maria joined the GCRTA on June 1, 2014. She earned a BA in Urban Studies and her Master's Degree in Public Administration from Cleveland State University. Maria was selected to participate in the GCRTA Management Development Program and is completing an Internal Audit Department rotational assignment for 4 months. |
| **Steven Zimmerman**<br>Business Analyst | Steven joined the GCRTA on June 1, 2015. He earned a BS in Biology from Cleveland State University and his Master's Degree in City and Regional Planning from Rutgers University. He was selected to participate in the 2016 Management Development Program. |
| **Maria Daniela Tejada**<br>Business Analyst | Maria joined the GCRTA on June 1, 2015. She earned her BA in Industrial Engineering from Universidad San Francisco de Quito and a Master's Degree in Business Administration from Case Western Reserve University. She was selected to participate in the 2016 Management Development Program. |

| **STAFF PROFILES** |
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**Ryan Cruz**
Business Analyst

Ryan joined the GCRTA on June 1, 2014. He earned his BA in Urban Planning from Cleveland State University. Ryan was selected to participate in the GCRTA Management Development Program and is completing an Internal Audit Department rotational assignment for 3 months.